

Guidelines for mixed use owners and asset managers - lease up of retail and commercial units



Agree a mid-term vision / preferred tenant mix for the property.

- This shouldn't change unless significant market / asset developments occur.
 - Overall strategy for the building – is it amenity? Maximization of rent? Image/profile importance? Are the occupiers of the ground floor key to aiding the leasing/sale of the upper floors? This can vary with location, but it is often the case that these are inter-

dependent i.e. occupiers for the upper floors need right amenity on the ground floor whilst tenants of the ground floor need occupiers present in the upper floors. This can create challenging timing during the leasing campaign and requires strategic thinking together with close cooperation and communication within the entire team throughout the process.



Consult your timeline with your advisors.

- Hard deadlines should be clearly communicated at the outset.
 - The leasing team should provide feedback on what needs to happen so that these are achievable.
- How long will it take to find a tenant? It tends to be city/micro-location specific, but also can be seasonal with some types of tenants (e.g. schools) - leasing team can provide feedback for a specific location.
- How long to negotiate a lease? The leasing team can provide feedback based on tenant type and technical considerations
- Technical aspects –tenant fit out requirements and programme.
 - **technical team** is key to work with the tenants regarding fit out,
 - the technical expert should be able to estimate costs of remodeling, upsizing/downsizing, fit-out works on both sides, to prepare plans, technical appendices to the lease agreement, to negotiate the tech spec.
 - It is key to have a **set of detailed drawings and technical documents** at the beginning of the leasing process; this includes:
 - Technical plans, DWG, installation plans (plany branżowe)
 - Exact measurements if applicable (incl. specified method of measurement)
- Flexibility for reconfiguration scenarios (division or joining of units)
- Outdoor space – possibilities for e.g. restaurants / cafes
- Possible of parking spaces dedicated for tenants' exclusive use
- Display or requirements for logos/logotypes (szyldy), incl. locations which may not be on the individual frontage but elsewhere on the building
- potential requirements for regulatory / safety permits (Sanepid, PPŻ) – whose responsibility should it be (landlord/tenant), who verifies?
- other commercial considerations
 - other tenants might have exclusivities / exclusions
- B2B marketing – design the marketing strategy – programme, target sectors and tenants, target and quoting rents, preferred lease length, service charge estimates, shopfit design requirements, agree methods of promotion and communication with potential tenants.
- legals – who is the legal advisor, draft of the lease agreement including all the appendices to be agreed / provided prior to the launch of the leasing programme.



Key / strategic tenants should be approached as early as possible (preferably during construction period)

- Especially if the amenity is sold as part of the “value” of the location.



Communication is key to efficient lease-up

- feedback on tenant offers is essential – usually GF units are competing with many other locations where price is not the only consideration
- the smaller the tenant, the more agile an organisation they usually are and will require feedback quickly (within a couple of days) – they might not accommodate longer response periods and will be **at risk if no feedback is made or no timeline for decision is kept**
- decision makers should be identified at the start
- who provides the input and who provides decisions should be set out in writing at the beginning of the cooperation; all key personnel should be **informed**



The process can be reviewed and refined, but there should be clear ongoing communication of expectations and priorities:

- Are we going wide and getting a long list of names?
- Are we focusing on one lead/ narrow list?
- Do we need a back-up / option B in parallel?
- Do we have a “no-go” list
- Key to **communicate promptly** if the owner/asset manager wants to **pivot** the strategy
- The leasing team to be informed about any parallel negotiations led by the landlord regarding the same space, unless commercially sensitive.



Budget, securities and strategy

- At the outset, the parties should agree a target level of
 - Rents (ERVs)
 - Service charge payments
 - Securities
 - Lease term